

PENSION NEWS

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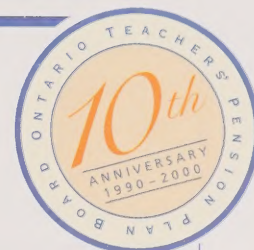


Teachers'
Pension Plan
Board

Conseil du régime
de retraite des enseignantes
et des enseignants



Issue 20
Spring 2000



Deal makes real estate portfolio one of the largest

Teachers' \$2.3 B offer for Cadillac Fairview gets approval

The purchase of Cadillac Fairview, Canada's premier mall owner, almost doubles our real estate holdings to \$4.4 billion, or about 7% of the plan's invested assets, and creates one of the largest real estate portfolios in Canada.

Teachers', which already owned 21.8% of the company, won the support of Cadillac's board in December to launch a \$34-a-share bid for the remaining stake in the company. The bid totals \$2.3 billion and was overwhelmingly approved by shareholders at a meeting on March 15.

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Claude Lamoureux speaks to reporters during the news conference to announce our offer to buy Cadillac Fairview. The purchase is a good fit for your pensions.

Marriage after retirement

Providing a survivor pension for your new spouse

Marrying after retirement may not entitle your new spouse to a survivor pension. For instance if you were previously married or lived common law, you may be ineligible to provide a survivor pension. But if this is your first marriage or common-law relationship, you can apply immediately to provide your new spouse with a survivor pension.

Previously married? Rules depend on when you retire

Retired after 1989

The question is whether you and your former spouse were living together at the time your pension began. If you were separated before receiving your first pension payment, your former spouse is not entitled to a survivor pension and you can apply immediately to provide a survivor pension to your new spouse. However, if you separated after your first pension payment, then your former spouse remains eligible and you cannot provide your new spouse with a survivor pension.

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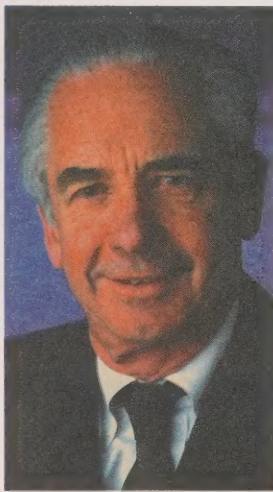
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New Chair at the Board table

Robert W. Korthals, a retired bank president, has been appointed Chair of the Board. Mr. Korthals succeeds C. Edward Medland who retired from the board at the end of 1999.



Robert W. Korthals

Mr. Korthals was first appointed to the Board in 1996 and since then has served as Chair of the Investment Committee. He joined the Board after a distinguished career in banking at the Toronto-Dominion Bank

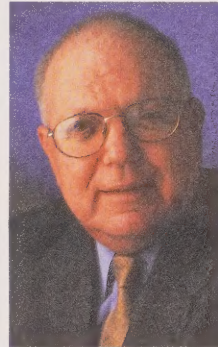
where he retired as president in 1995. Mr. Korthals sits on a number of other boards including Cognos Inc., Co-Steel Inc., Rogers Communications Inc. and Suncor Energy Inc. He is a commissioner with the Ontario Securities Commission and Chair of the Business Fund for Canadian Studies in the U.S. Mr. Korthals has a degree in Chemical Engineering from the University of Toronto and an MBA from the Harvard Graduate School of Business.

Two new directors appointed to fill vacancies

A corporate lawyer and a recently retired investment executive are the newest appointments to the nine-

member Board of Directors.

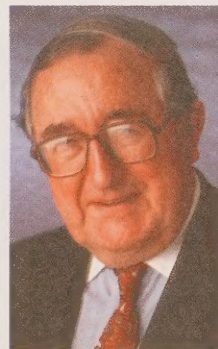
Ralph E. Lean is a senior partner with the law firm Cassels, Brock & Blackwell. Mr. Lean is a director of several private, public and charitable corporations including: Sirit Technologies Inc., Molson Indy Board of Trustees, and the World Film Festival of Toronto Inc.



Ralph E. Lean, Q.C.

Mr. Lean earned a business degree from the University of Western Ontario and his Bachelor of Law from Osgoode Hall.


Before his recent retirement, John S. Lane was Senior Vice-President, Investments, for Sun Life Assurance Company of Canada.



John S. Lane C.F.A.

Mr. Lane also sits on numerous boards including: Century 21 Real Estate Canada Ltd., TransAlta Corporation and the Canadian Psychiatric Research Foundation.

Mr. Lane earned a masters' degree from University College, Oxford and is a Chartered Financial Analyst.

The director positions became available when Mr. Medland retired and Roger Wilson left at the end of his term. 

You can teach after retirement, but know the limits

If you decide to teach after retirement, there are limits to the number of days you can be employed in education without affecting your pension.

You can work:

- 95 days each school year for the first three school years you return to employment in education—the first three years do not have to be consecutive;
- 20 days per school year thereafter.

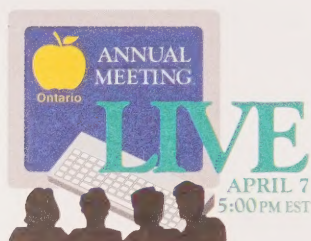
If you retired midway through a school year and return to work in education later the same year, the days you taught before you retired are included in the 95 days.

How we count the days

We count the actual time you teach or work in education. If you're employed for half-a-day, you accumulate half-a-day toward your limit.

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Presentation of 1999 results live on the Web



This year's annual meeting for representatives of the Ontario government and the Ontario

Teachers' Federation will be simultaneously webcast at www.otpp.com on Friday April 7, 2000, beginning at 5 p.m. EST. The meeting is used to present the 1999 investment and service performance of the plan as presented in the annual report. Expected to speak at the meeting are:


- Robert Korthals, Chair of the Board;
- Claude Lamoureux, President and CEO;
- Robert Bertram, Executive Vice-President, Investments; and
- Al Reesor, Executive Vice-President, Member

Services and Chief Information Officer.

The first 40 minutes of the annual meeting is a presentation of the 1999 performance of the plan, followed by 30 minutes of questions and answers.

To view the meeting you'll need Windows Media Player—this is a free download. We suggest you visit www.otpp.com about a week before the meeting to test your system or to download the free software.

You can ask a question by e-mail prior to the meeting. We will make every effort to address your issue or concern. Please give us time to process the questions by sending your e-mail soon and no later than the day before the meeting. E-mail your question to:

communications@otpp.com. 

Cadillac Fairview deal makes real estate portfolio one of the largest in Canada

Continued from page 1

"We're delighted. Cadillac is a well-run company with a long history in Canada and a good corporate reputation," says Claude Lamoureux, President and CEO. "This is a good fit for us because we are long-term investors who pay teachers pensions linked to inflation—and well managed quality real estate is a good hedge against inflation," he added.

When the shopping centres and office properties owned by Cadillac Fairview are added, it brings the total number of properties fully or partially owned to 122.

Cadillac Fairview has one of the most exclusive portfolios of prime retail and office properties in Canada with a market value of \$6 billion.



Muzyk

Brian Muzyk, Vice-President, Real Estate, and his team, assembled the offer. It's expected that it will be business as usual at Cadillac Fairview. "We understand the importance of maintaining a committed and experienced

team of professionals to lead the company in its daily operations," says Muzyk.

Purchasing the entire company gives us ownership of an additional 102 properties. These properties include:

49 dominant Canadian shopping centres including;

Toronto Eaton Centre
Rideau Centre, Ottawa
Pacific Centre Retail, Vancouver
Masonville Place, London
Catarauqui Town Centre, Kingston
Montreal Eaton Centre
Victoria Eaton Centre
Fairview Mall, Toronto
Erin Mills Town Centre, Mississauga
Lime Ridge Mall, Hamilton

42 leading office properties including;

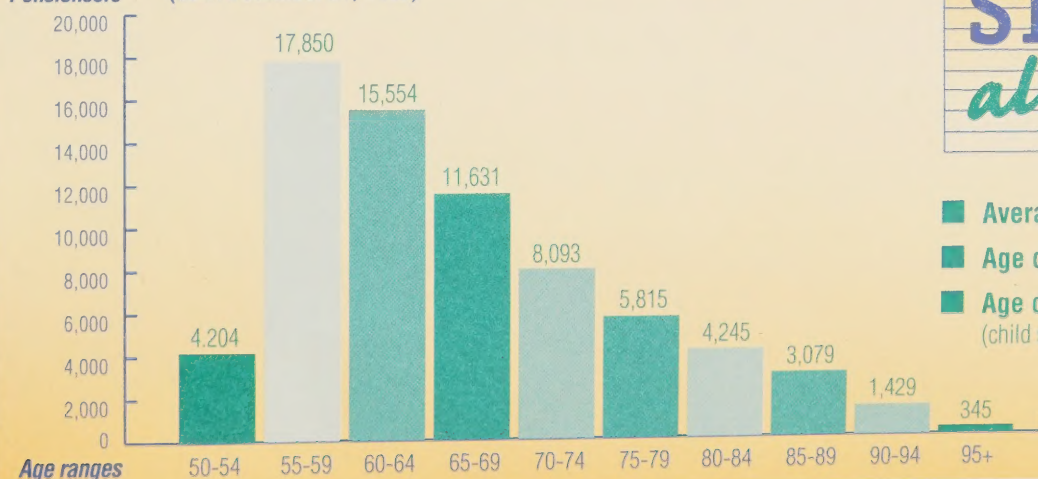
Toronto-Dominion Centre, Toronto
Pacific Centre Place, Vancouver
Cadillac Fairview Tower, Toronto
Commonwealth Building, Ottawa

11 shopping centres in the United States. ■

Teacher and survivor pensioners by age range

(as at December 31, 1999)

Pensioners



STATS'
all folks

■ Average age: 66.7
■ Age of oldest: 106
■ Age of youngest: 6 (child survivor)

Source: OTPP Actuarial Services

Recent merchant banking
investment news

Teachers' invests in management buyout of Shoppers Drug Mart

We've joined with five other investors to buy Shoppers Drug Mart in a deal hailed as one of the largest management buyouts ever completed in Canada.

"Retail can be a tough business," says Michael Lay, Vice President of Merchant



Lay

Banking, "but we feel very positive about Shoppers because it is the dominant brand name and market share leader in the Canadian drugstore business."

The \$2.55 billion deal was led by leveraged-buyout specialists Kohlberg Kravis Roberts and Co. of New York. It brought Canadian and U.S. investors as well as the company's senior management and 800 associates into the deal. The buyout, first announced in November, became final in February.

Shoppers Drug Mart has over 800 stores across Canada and last year enjoyed a 29% market share of the \$13 billion drugstore industry.

"The company has a very strong management team and the aging population in Canada points to growth in this industry," says Lay. ■

THEN & Now



2000 marks the
10th anniversary
of the Teachers'
Pension Plan Board

at January 1	1990	2000
Teachers	155,000	150,000
Pensioners	33,000	72,000
Total	188,000	222,000
Employees	257	509
Board of directors	5 government 3 teacher representatives	Jointly appointed Chair plus 4 appointed by government and 4 by OTF
Investments	\$17 billion in Ontario debentures	\$68 billion in fully diversified assets
Speed of service	3 to 6 months for a pension estimate	14-day response in most cases
Visiting without an appointment	You spoke to staff via telephone from reception floor	You'll receive personal service immediately
Phone calls	Up to a 20 minute wait to speak to a counsellor	We'll answer within 30 seconds

You can teach after retirement, but know the limits

Continued from page 3

Similarly, if you're on a half-a-day contract for two months, you accumulate one month (about 21 days) toward your re-employment limit. If you're paid by the hour, 5.5 hours are counted as one teaching day.

Work beyond the limits?

If you exceed the 95 or 20 day limits our pension will stop at the end of the month you are re-employed for 96 or 21 days and your employer will begin deducting contributions.


If you are 69 years of age or older, these limits do not apply.

You don't have to teach to be employed in education

For pension purposes, if you work for a public or separate school board, regardless of the job, you're considered employed in education. Teaching, or any other function requiring teaching certification, is obviously included. However,

so is working as teaching assistant or lunchtime supervisor or school secretary.

Teaching that doesn't affect your pension

Teaching at a publicly funded school outside of the province of Ontario, or at a private school that is not a member of the pension plan will not affect your pension. You can pursue any work or career outside education without affecting your pension. 

Marriage after retirement

Continued from page 1

Retired before 1988

The rules are different for those who retired before 1988. If you divorce after retirement, your ex-spouse is no longer eligible for the survivor pension. Therefore, you can apply immediately to provide a survivor pension for your new spouse.

Retired in 1988 or 1989

If you started receiving your pension in 1988 or 1989, the rules can be even more confusing. Please contact us to clarify the rules for your specific case if you began pension during this time.


When to apply

You must apply to us within 90 days of:

- Your marriage, or
- Your children becoming ineligible.

If you miss the 90-day deadline, you will have to pass a medical examination to provide a survivor pension.

How much will it cost?

You can provide a survivor pension of 50% to 75%. Your pension will be actuarially reduced based on your age, the age of your spouse and the percentage of the survivor pension you wish to provide. The reduction we apply to your pension is permanent and remains in effect even if your spouse predeceases you. 

PENSION NEWS

We appreciate your comments about anything you read in *Pension News* contact John Cappelletti at (416) 730-5351 or 1-877-812-7989 or e-mail: john_cappelletti@otpp.com

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